GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:2882
ANSWERED ON:09.08.2001
COMPREHENSIVE FUEL POLICIES
ALE NARENDRA

Will the Minister of POWER be pleased to state:

(a) whether the Union Government have likely to issue guidelines for captive powergeneration to the States and also to formulate a comprehensive fuel policy for the power sector;

(b) if so, the details thereof; and

(c) the time by which the final decision in this regard is likely to be taken?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) to (c) : The Ministry of Power has circulated guidelines on captive power to States,Union Territories and concerned Ministries of Government of India in July 2001.These guidelines have been recommended to the States to enable a more liberal framework for setting up captive power plants. The main features of the guidelines are as under :-

1. If captive plant is of hydro or co-generation, such plant, irrespective of its size, may be permitted liberally.

2. If captive power plant is based on coal or liquid fuel or gas such plant may be allowed and capacity of the plant permitted up to 200% of the requirement of industry (if the State is deficit in power).

3. Captive power plant may be allowed if State/SEB or successor entity is unable to supply therequired quality of power. Such a captive power plant can be considered for the uninterrupted power supply to the industry even if the State is surplus in power.

4. If the cost of generation from captive power plant is found to be lower compared to the tariff of the power supply from the Grid, the proposal may be considered after thoroughly examining the cost and tariff aspects.

5. Units in Special Economic Zone (SEZs) and/industrial estates may be allowed to set up captive plants liberally.

6. Banking facilities are proposed to be provided to CPPs. The rates for banking may be determined on mutually agreed terms.

7. Tariffs for purchase of power from captive plants may be determined by SERCs wherever they have been established.

8. Prior approval of SEB has to be obtained for wheeling of power. Wheeling will be done to any service (HT or LT). Wheeling charges may be worked out based on pooled rates worked out by Central/State Transmission Utility of that region.

9. The tariff for sale of power from thermal and hydel CPPs, may be fixed after mutualdiscussion and could be based on pooled variable charge of thermal power stations operating in the SEB plus some percentage of the pooled variable charges as incentive. Tariff could also be based on the highest variable cost in the system or actual variable cost of CPP, whichever is lower and some percentage of the variable cost as an incentive.

10. Third party sale is also permissible with the approval of SEB.

Regarding formulation of a comprehensive fuel policy, an Energy PolicyCommittee was set up in the Planning Commission to formulate an integrated energy policy for the country. The draft report of the Committee has been prepared.